

Marketing strategy assignment - toothpaste



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EXECUTIVE SUMMARY

This report is about to offer a better product HERBAL TOOTHPASTE in the UK market from the Middle-eastern Company and to acquire a good market share. Toothpaste market of United Kingdom is divided into two major segments; one is the Gel Paste market and the other is the Opaque market or Chalk Based Paste market or popularly known as the Paste or dental cream market. ' The Market for Oral Hygiene in the UK Increased Between 2002-2007, Growing at an Average Annual Rate Of 3. 2% (<http://www.encyclopedia.com/doc>). Total UK oral care market share nearly £840m.

HERBAL TOOTHPASTE are made from natural ingredients and some are even certified as organic and many consumers have started to switch over to natural toothpastes in order to avoid synthetic and artificial flavors that are commonly found in regular toothpastes. HERBAL TOOTHPASTE have products ranging those are also rich in calcium and other minerals which makes the teeth stronger and prevents cavities. HERBAL TOOTHPASTE will be imported from Middle Eastern Company and marketed at a reasonable price comparing with locally produced toothpaste such as Colgate, Kingfisher etc.

Through a research of UK market the objective of this report is to identify the target market with Marketing strategies, target market segmentation including marketing mix (product, price, place and promotion) which is an important factor for an organization in order to penetrate and develop its market. To explore how the target market perceives the HERBAL TOOTHPASTE and how the company tries to influence exposure, attention and interpretation of the product. Here, the scope of the report will be narrowed only to HERBAL TOOTHPASTE. With an effective marketing

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strategies; the proposed product will increase its reputation day by day and if any challenges will be studied and analyzed so that it can be predicted in this economic climate what to do to sustain the market share and remain more competitive.

INTRODUCTION

HERBAL TOOTHPASTES are made from natural ingredients. Some toothpaste is still approved as organic. From our study and research it is found that many customers have taking place to change over to organic toothpastes to avoid synthetic & artificial flavours which are normally found in regular toothpastes.([http://www. herbaltoothpaste. net](http://www.herbaltoothpaste.net)) Because of the increased demand of natural products, Herbal toothpaste will be the perfect timing of demand. This kind of toothpaste does not have dyes, artificial flavours or chemicals and this is one of the mainly general reasons that consumers claim when switching from ordinary toothpaste to Herbal toothpaste.

Some people would rather use Herbal toothpaste for their oral hygiene and variety of reasons. Many people actually opting for them since they are not tested on animals. Others, devoted to guard the environment or who are sensitive to the ingredients in usual toothpastes, are attracted to the reality that they have no artificial colours or flavourings. People who use homeopathic medicines are also attracted to toothpastes that don't contain mint as practitioners' state the Herb may hamper with the effectiveness of their treatment. ([http://www. dailymail. co. uk/health](http://www.dailymail.co.uk/health)). Herbal toothpastes are also fluoride-free, which appears to be other frequent grounds why some individuals prefer this category of toothpaste more than regular one. Also some people have allergies or other health concerns who may wish to think <https://assignbuster.com/marketing-strategy-assignment-toothpaste/>

about Herbal or organic tooth paste formulations. These products can be an excellent choice for them who are allergic to mint or to sodium laurel sulphate, a foaming agent that is included in most commercial toothpaste brands. Classic ingredients in Herbal and organic toothpastes include herbs with traditional historical uses like myrrh to help destroy plaque-causing bacteria; chamomile to reduce gum inflammation; Echinacea to inspire the immune system; sage and rhatany to decrease bleeding and essential oils like peppermint, to add flavour and ease pain and irritation. Some other common raw materials for these products include clove, ginger and tea tree oils. Some common ingredients are eucalyptus, Chamomile myrrh, Sage and some other less known plants such as Choti ilaychi, Lavang, Neem, Saunf, Khadir, Babool,. Herbal toothpastes also contain oils such as oils of coriander, ginger, lemon, and spearmint. Eucalyptus is however one of the most common ingredients in herbal toothpastes, mainly for its properties of whitening and prevents stained teeth. Myrrh is used to prevent gingivitis and bad breath and Chamomile and Sage are said to be helpful in soothing mouth ulcers, toothaches and inflamed gums.

MARKETING ENVIRONMENT ANALYSIS

“ Organizational success depends on sensing and responding to shifting conditions the business environment. At the most basic level, these represent Opportunities and Threats. ” Lowly, A. and Hood, P. (2004). Strategic planning affects the organization in different ways. To review environment of any Market we need to understand of connection with various problems and issue with one another and the effect of that particular areas. To illustrate the UK external environment PEST analysis is

constructive. It includes the aspects those are political (taxation policy, foreign trade regulation, government stability), economical (unemployment, disposable income), social (life style change, level of education), technological (government spending on research, speed of technology transfer), environmental (company's responsibility to society) and legislative (code of practice, access to raw materials) factors.

3. 1. PEST Analysis of UK Market Environment

The PEST analysis is a framework that strategy consultants use to scan the external micro-environment in which a firm operates. PEST is an acronym for Political, Economic, Social and Technological factors. Typically, these factors are outside the control of the retailer and may either be threats or opportunities. These factors may vary within the regions of a country and would most definitely vary from one country to another. (Pradhan, S. 2007. p. 111)

According to Stoner (1992) “ PEST analysis is concerned with the environmental influences on a business. PEST influences are a useful way of summarizing the external environment in which a business operates. However it must follow up by consideration of how a business should respond to these influences.”

As Pradhan, S.(2007) described in ‘ Retailing Management, 2nd edition’:

“ The PEST factors that affect the retail sector:

Political

Economic

Social

Technological

Political stability

Rate of economic growth

Income distribution of the population

Level of technology use in the sector

Government policy towards investment in the sector

Money policy

Size of Population

Penetration of internet

Labor laws

Level of Taxation

Demographics of the population

Penetration of the mobile technology

Consumer Protection Restriction on the entry of foreign players in the market

Consumer confidence

Rate of population, Age profile of the population

(Pradhan, S. 2007. p112)

Political:

Nowadays there are many companies operating their globalized business with different kinds of tooth pastes in UK. As an external factor Political condition can affect and influence of new products like Herbal Toothpaste's performance. In favour of service legislations, the administration encourages retailers to make available a mix of occupation opportunities from elastic, lower-paid and locally-based career to highly capable, high remunerated and centrally positioned jobs (Balchin, 1994). The changes of government rules and regulation can affect the business of any company to entrance with new products such as introduce new tax policies on leisure could create a direct impact on the Herbal Toothpaste Import.

Economical:

Another environmental factor is economic, which can make a enormous effect in the business of Toothpaste. Presently UK is in front of a great economic down turn. With the present condition financial, employment,, mortgage sectors are deficiently effected . Earnings of people have decreased and the inflation rose up. In this situation people don't spend money for their residence and can't do proper savings. Due to current market situation any new products may effected in their business. The international business market is still growing. Through our Herbal Toothpaste products we are expecting it will add greater amounts to its business. So it

would be badly exaggerated if some delay in the UK FMCG market with market concentration risks.

Social:

Social environmental factor has a great emphasis on business environment especially with the present economic down turn. Customers have moved towards changes. Our products have enlarged the quantity of FMCG products like HERBAL TOOTHPASTE available for the customers. Nationalized retailers are gradually reserved to get on new suppliers (Clarke, Benison and Guy, 1994; Datamonitor Report, 2003). Type of products and services demand by the customers regarding their social circumstances and their subsequent attitudes and values. Customers are becoming much more aware about health and safety issue and the attitudes towards FMCG are always changing. Herbal toothpaste introducing its products mix to enlarge require for natural products. The consumers for Herbal Toothpaste are of middle, upper middle and upper class families in our target market. They are the relatively conscious part of the society, with both the need and the purchasing power necessary.

Technological:

Toothpaste is one of the most popular and fast growing products in UK market. Technology is a irregular macro-environmental that has affected the improvement of FMCG products. The customer and the company are being benefited as the technology provided new era in service. Technology helps a lot to rises the customers' satisfaction. The company will use the modern high technology in production and all HERBAL TOOTHPASTE outlets will use the wireless devices, internet, intelligent scanner, electronic shelf labelling, <https://assignbuster.com/marketing-strategy-assignment-toothpaste/>

Radio Frequency Identification, Close Circuit Camera (CCTV), Money paying machine etc. The electronic point of sale and electronic scanner have significantly enhanced the effectiveness of delivery and stocking actions, with requirements being communicated almost in authentic time to the supplier.

3. 2. Porter's Five Forces:

Potential Entrants

Industry Competitors

Rivalry Among Existing Firms

Suppliers

Buyers

Substitutes

Threat of new entrants

Bargaining power of Suppliers

Bargaining power of buyers

Threat of substitute products or services

To analyze how the business atmosphere is changing the way of the product, the five forces model of Michael Porter's has been used here. The competitive five forces have prepared by identifying five original competitive forces which are prospective entrance, threats of substitutes, bargaining power of buyers, bargaining power of suppliers and competition between existing companies.

01

Suppliers Power

The major business giants are also a threatened for the new entrance business society if they bring the products from broad in cheaper rates side and don't take from the local suppliers. The services of aggressive competition have concentrated the earnings limitations for supermarket chains and suppliers.

02

Buyers Power

The more products that become standardized or undifferentiated, the lower the switching cost and hence, more power is yielded to buyers, (Porter M. 1980). The power of buyers can also influence cost and investment, because powerful buyers demand costly service. The customers are aware about the products and its influences that they expect from third world producers.

03

Threat of Substitution

General substitute is able to reduce demand for a particular product, as there is a threat of consumers switching to the alternative (Porter M, 1980). Herbal Toothpaste will create its own market through huge marketing activities but the existence of similar other products from companies like Colgate, kingfisher, Crest etc.

04

Threat of New Entry

New entrants to an industry bring new capacity and a desire to gain market share that puts pressure on prices, costs, and the rate of investment necessary to compete. The company needs to monitor the market as well as ready to face challenges from such arrivals which then gives organisation better strength to maintain its image and loyalty to its consumers. It is very difficult for the new company to entrance and provide sufficient capital for big fix costs and extremely developed supply chain as there bare already business giants are there in the market.

05

Competitive Rivalry

The FMCG business environment has grown in significant way in shape and dominated by the larger chain opening big store, developing concentrate of retailer and proper utilization of the formats. Herbal toothpaste may faces competitive rivalry from Colgate, kingfisher, crest. the organisation needs to bring more effective marketing intelligence provide early warning of opportunities and threats.

3. 3. Target Market

Actually all toothpaste users or potential toothpaste users represent the target market of Herbal toothpaste. As awareness for dental health and well-being is increasing tremendously in UK. According our own study the target market for Herbal toothpaste is also increasing. Target market of Herbal toothpaste is not also much limited or segmented by age. Toothpaste is a

family product, thus used by family members of all age groups. The users of this paste are everyone in the family who looks for strong, healthy teeth without problems like cavity and tooth decay. Here, the basic target group consists of children up to 14 years of age and their parents and other senior members of the family.

Fulfilled: Mature, satisfied, comfortable and reflective people who value order, knowledge and responsibility. They are Conservative, practical and look for functionality. For this reason Herbal Toothpaste will be promoted on the basis of functionality, i. e. strong teeth to the senior members.

Believer: Conservative, conventional people with concrete belief based on tradition like family. They are the parents caring for the kids who stay loyal to the brands they find best. Again, the kids are expected to be traditional. For this Herbal Toothpaste promotion is targeted towards the kid who would become life-long loyal Herbal Toothpaste user.

Geo-Lifestyle Analysis (PRIZM): The Herbal Toothpaste consumers are the Young suburbia. They have young families, mostly married couple with children. These families are affluent and strong consumer of family products like toothpaste. For this Herbal Toothpaste targets the family focusing the promotion on the kids.

3. 4. Demographic:

Population of Muslims in UK are 1. 6 million, 2. 8% or total population of UK.

Age 5-50

Area: East London, Tooting Broadway, White Chapel, Bethnal Green

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72% of Muslims living in East London

Price Range £3-£5

Total market 400, 000 people.

(Source: Total population-office for national statistic 2001, Muslim population-office for national statistic 2001)

MARKETING MIX

To know the character of customers and their needs and desires is only the first step, however. The organisation needs to act on that information, in order to develop and implement marketing activities that actually deliver something of value to the customer. The means by which such ideas are turned into reality is the marketing mix. The following figure summarises the areas of responsibility within each element of the mix.

PRODUCT

New product development

(e. g. Herbal body lotion, body powder)

Product management

(With strong management team)

Product benefits

(Made by Natural fresh ingredients)

Branding & Packaging

(Under the perfect monitoring of the Company with high technology)

PRICE

Cost

(Herbal toothpaste will be low cost product comparing with others)

Profitability

(After 6 months it will be profitable for the company,)

Value for money

(Herbal toothpaste cost effective products for the customers)

Competitiveness (The products will be competitive in the market)

Incentives (On Bulk purchase)

PROMOTION

Developing communication mixes

(With Company, retailers, end users)

Advertising management (Company marketing strategy management team collaboration with local add firm)

Sales promotion (For distributors, retailers, customers)

Sales & public relation management (campaign, contribution in social activities)

Direct marketing

PLACE

Access to target market

(Easy access all over in UK market)

Channel structure (Distribution channels are Tesco, Asda, Boots, Sainsbury's)

Channel management (Through Herbal products management committee and selective retailers)

Logistics (Company's own support)

The 4Ps :

4. 1. PRODUCT:

Products are solutions to customers' needs. The company (the product provider) needs to make various product decisions, including functionality, range offered, brand names, packaging, service and support. The product is normally the critical element in the marketing mix, with all other decisions relating to this element (Drummond & Ensor, 2005). The ingredients are eucalyptus, myrrh, Chamomile, Sage and some other less known plants such as Lavang, Choti ilaychi, Saunf, Neem, Babool, Khadir. Herbal toothpastes also contain oils such as oils of coriander, ginger, lemon, and spearmint.

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Some of these ingredients are available in India and it's very cost effective to import from there.

Product name: HERBAL TOOTHPASTE

Tag Line: " Real Fresh Dental Care"

Target Market: 5-50 years customer (everyone can use)

4. 1. 1. Product Range:

Herbal Gum Protection Toothpaste:

Contain kinds of herb, such as honeysuckle and chrysanthemum etc, which prevent mouth from cancer and protect gum. Advanced milling raw material make teeth white. Constantly using can protect gum. It gives pleasant refreshing breath. (spec: 150gm)

Herbal Anti-cavity Toothpaste:

Have good function of anti-cavity, strengthen teeth...Fruit flavor give mouth pleasant aroma. : (spec: 150gm)

Herbal Tartar Control Toothpaste :

Offering silica based white toothpaste which is specialized for controlling tartar. The toothpaste comes with fluoride and without fluoride and it is extremely helpful cavity protection along with refreshing breath. (spec: 150gm)

Herbal Natural Toothpaste :

We are engaged in offering supreme quality natural paste. The natural paste is created by using completely natural ingredients that make them absolutely safe to use and free from side effects. (Spec: 150gm)

4. 1. 2. Labelling:

Our state-of-the art manufacturing capabilities enable us to successfully undertake private labelling activity; on the behalf of our customers. We use latest technology in production and packaging, to ensure that the end product complies fully with your requirements. This enables you to market a trustworthy and genuine product, under your brand, at very reasonable prices.

4. 1. 3. Product Life Cycle:

According to the Break- Even analysis we can predict that after 3. 7 months the company will get profit from the product. It will increase through developing the products and introducing new products I the entire market. After a certain period of time (3. 7 months) the product will be matured and will be established in the competitive market.

Source: <http://www.tomspencer.com.au/2009/01/25/product-life-cycle-model>

4. 2. PRICE:

Pricing strategy is affected by various factors such as cost of production, internal and external factors, competitors' price for similar products etc. For our product we need to analyze these factors in order to develop competitive pricing strategy to offer better value products to its customers. Since all of <https://assignbuster.com/marketing-strategy-assignment-toothpaste/>

the products are freshly made, the cost of production must be less than its competitors which hence reflects on its different range of products. Herbal toothpaste will be recognized as low cost but quality based products.

Furthermore, our products will carefully focus on segmented pricing such as kids products is offered for a low price. On the other hand, it cannot charge the same range of prices in Middle-East which it is charging in UK market - a geographical pricing strategy of our product is more effective in order to gain international reputation. Promotional pricing also gives the company to penetrate market more effectively. Using the Cost-based pricing Strategy Herbal Toothpaste will be sold

@ £3. 25 per unit (200gm) tube with £1. 85 unit contribution margin. Takes into consideration the fixed costs and variable costs in the Break -Even Analysis given below.

4. 2. 1. Break – Even Analysis:

4. 3. PLACE:

The organisation must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the organisation is to meet its overall marketing objectives. If an organisation underestimate demand and customers cannot purchase products because of it, profitability will be affected.

(<http://www.learnmarketing.net/place.htm>)

For a Hybrid marketing systems multiple distributor will be used for the Herbal Toothpaste

Retailers

Catalogues (free and available from the retailing shops)

Samples from the partners.

Vertical marketing systems will be contractual with our retailers like boots, Tesco, Asda, and Sainsbury's.

Indirect Channel:

Distribution the products into different wholesaler/retailers

Store the stocks in a warehouse or business self storage in London

Ship the Product from Dubai to UK(London)

Mid EC Inc based from Dubai Logistics and Distribution:

4. 4. PROMOTIONAL STRATEGY:

No strategy lasts forever. Organizations need to innovate strategies and implement them in order to obtain a continuous success. As we are going to launch a new product in a new market we have selected some promotional strategies. The promotion strategy of Herbal Toothpaste are advertising, sales promotion, public relations however there are two more promotion strategies which are personal selling and indirect marketing. It has been observed that Herbal Toothpaste will always be consistent in promoting sales through advertising in different media ranging from newspapers to TV and radio. The sales promotion via gift & promotional vouchers are some other areas where Herbal Toothpaste will found equally consistent. Due to its effective marketing strategy, Herbal Toothpaste will attract more customers

towards its stores and sales points. The other promotional strategy will be its slogan ' REAL FRESH DENTAL CARE, through such kind of promotional activities the product will get its place in the market will acquire more market share compare to other products in the market.

Herbal Toothpaste will be quite a heavily outdoor- advertised brand that it forms a part of the landscape of almost all the neighborhoods of England. Everywhere one goes, one can see the brand logo. The brand name is displayed in many forms, including the following

Billboards

Shop fronts and store headboards

Posters and stickers

Media (Television, Radio)

All of these increase the chances of exposure so much that it is almost impossible to be unfamiliar with the brand.

Attention

These advertises successfully attracts the consumer as they use focus on the kids. The promotional activities for the brand are designed to gain attention using a number of stimulus factors.

Size: Ads for Herbal Toothpaste is all big billboards that must attract the consumer.

Colour: All advertisements for Herbal Toothpaste will be Black and white accompanied by Red on one side.

Position: Advertisements of Herbal Toothpaste dental cream try to take advantage of every possible position, be it the right, left or centre of a street.

Format: All advertisements of Herbal Toothpaste make use of a simple format, to make it easier to understand.

4. 5. SEGMENTATION AND POSITION

Freshness

Strength

Family

Personal

Benefit Positioning: Like all other dental creams in the market, Herbal Toothpaste will be positioned on the basis of benefits offered to the consumers through competitive low price. It projects functional benefit of strong healthy teeth without tooth decay, cavity or any other problem. For this Herbal Toothpaste dental cream will be promoted as a family product.

Crest Paste

Colgate Gel

Herbal Toothpaste

Kingfisher

Sensodyne

Aquafresh

This diagram compares the attributes of our contribution with the finest of our contest in each category. Preferably the demonstrate for our product will shape a circle around the boundaries of the graph. This assessment will force us to consider the power of each of the competitive offerings and how we must position our offering to face them.

Source: <http://www.brs-inc.com/models/model15.asp>

5. IMPLEMENTATION OF MARKET STRATEGY

Herbal Toothpaste is in the long term and short-term memory of the consumer. It is memorized as preventing tooth decay, making healthy teeth and healthy kid.

Herbal toothpaste

Strong teeth

Strong kid

Happy kid

Reasonable

Price

Economic

Red colour of package

Energy

No tooth decay

Enjoy life

High quality

Happy Family

Number one brand

Fun

Foreign

Figure: Partial Schematic Memory of Herbal Toothpaste (personal views)

Bridging Consumer Need and the Product:

Happy kid

Healthy kid

Healthy Tooth

Strong Teeth

Herbal

Toothpaste

Complete toothpaste

Natural

Ingredients

Toothpaste preferred by kid

Happy Family

Toothpaste for whole family

Integrated Communication Mix

N

E

E

D

B

E

N

E

F

I

T

Bridged byNeed of the Herbal Toothpaste user is strong and healthy teeth.

This can be graphically depicted.

Product benefit is strong and healthy teeth due to different ingredient in the product.

Herbal Toothpaste bridges this need and benefit with the help of advertisements in television and on print media.

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In the advertisement they show the need for and the way to have strong and healthy teeth.

How Consumer Attitude is Influenced

For the favourable attitude resulting in purchasing of Herbal Toothpaste, the company will focus on consumer's consistent and positive mix of cognitive, affective and behavioural components.

Changing Cognitive Component

Changing the belief that not all toothpastes are equally capable to prevent tooth decay and Herbal Toothpaste does this task best. They show it by a comparative advertisement with a simple experiment on a tooth like shell (shonkho) and germ, where Herbal Toothpaste proves to be more effective in preventing decay.

Herbal Toothpaste will carry out campaigns in schools to teach the children how to care their teeth. This in turn increases awareness and preference.

Shifting importance towards stronger teeth than fighting germs, comparing with the competitors.

Changing the ideal of teeth, with more emphasis on strength than on whiteness and freshness implying that all these would come with strong teeth.

Changing Affective Component

Classical conditioning with children smiling (described before)

With emotional appeal in the advertisement and continuous exposure on TVC, Billboard, Hoarding, newspaper, on Internet and religious festivals.

Changing Behavioural Component

Promotion in the school level accompanying free sample,

Arranging drawing competition for the kids,

Giving free gift of drawing book and pencil to the kids.

Self-Concept: Self-concept is the perception and attitude consumers hold toward themselves. The target group, as described earlier, is families who share collective values and where family affairs run around the children.

Strengthening self-concept: Both actual and ideal self-concepts of both parents and children meet with projection of Herbal Toothpaste. Both the parents and the kid him/herself want to have healthy teeth that would make the whole family happy. Thus Herbal Toothpaste strengthens the self-concept of the consumers.

Forming self concept: Self-concept is formed through interaction with the surroundings in very early stages of life. Keeping this in mind, Herbal Toothpaste conducts its school program, as described earlier. Through this program they form the self-concept of the kids that values health, strength and family. Thus Herbal Toothpaste attempts to form and strengthen favourable self-concept.

6. CONCLUSION:

Toothpaste is one of the largely vibrant segments of the oral care market. The regularity of product launches in existing segments of the marketplace and origin of new product segments contributes to constant growth of the toothpaste market. Enlarge in sales of oral hygiene stuffs in key markets worldwide has mostly resulted from rising awareness of cleanliness and product modernism. New advancements have led to the launch of a diversity of high-priced, value-added multifunctional products in numerous oral care categories such as toothpastes and toothbrushes. Whitening toothpastes and products offer multiple functions are driving growth in the dentifrices segment. It's certainly big business – it's the biggest segment of the UK oral care market, with a £330m share of the nearly £840m total, according to research firm Euro monitor.

Currently, for major toothpastes, averting tooth decay is not sufficient, which usually guarantee benefits such as fresher breath, healthier gums and whiter teeth. Technological advancements in recent years have altered the toothpaste segment to one that offers additional benefits besides just fighting cavities to customers. This made manufacturers to roll out products with a lot of additional features that were not available previously.

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